

Office Report for 1939 of the Third Section of
the Treaty Bureau, Foreign Ministry.

The Internal Opium Problem.

Chapter V, Sec. 3.

1. The Opium Production Increase Program in Chosen.
The Opium Production in Chosen for 1939 was as follows:

With the increase of the acreage by 2,000 Chobu (4,900 acres), the cultivation of poppies in 1939 was extended to 7,060 Chobu (17,297 acres) from which 78,566 kilograms of raw opium was derived and disposed of as follows:

<u>Distribution</u>	<u>Quantity</u>
Manchukuo	68,000 kilogr.
Kwantung Leased Territory	13,000 "
Taiwan (Formosa)	5,000 "
Total	86,000 "

Furthermore, in order to meet the increasing demand for opium in excess of its production in Chosen, Manchukuo, Kwantung Leased Territory, and Formosa, and in accordance with the cabinet's decision of December 12, 1938, the Opium Management Board on November 9, 1939 passed a resolution approving an additional 5,000 chobu (12,250 acres) increase of poppies cultivation in Chosen for 1940. This increase, plus the previous year's 7,060 chobu raised the total acreage under cultivation to 12,060 chobu (29,547 acres).

2. Question of Purchasing Iranian Opium.

(A) State of Iranian Opium Purchases.

The following is the state of Iranian opium purchases for 1939. (72 kilogram to a case, at officially fixed price of 125 pounds).

Handled by Mitsubishi Trading Company.

Imported by the Kwantung Leased Territory	200 cases	
Imported by Manchukuo	2,800 "	3,000

Handled by Mitsui Bussan Kaisha

Imported by the Restoration Government of China	* 1,150
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*Note (850 cases out of the expected 2,000 cases could not be obtained)

Grand total	4,150 cases.
(850 cases short)	

Remarks:

Besides the foregoing, the Monopoly Bureau of Taiwan, through Iwai and Company, Ltd. imported 35 cases of Iranian Opium from Hamburg.

(B) Agreement on Iranian Opium Purchases between the Mitsubishi Trading Co. and the Mitsui Bussan Kaisha.

On the purchase of Iranian opium for the three countries of Japan, Manchukuo and China, the representatives of the two companies concluded on March 14, 1938, through the good offices of the Foreign Ministry the following agreement in respect to the places of importation and their respective shares of business:

- (a) The purchase of Iranian opium for Japan, Manchukuo and China shall be negotiated jointly as a single unit by the two companies;
- (b) The distribution for Japan and Manchukuo shall be handled by Mitsubishi and that for Central and South China by Mitsui. The distribution for North China shall be shared equally by the two companies.
- (c) The government offices of Japan, Manchuria and China concerned shall decide upon and inform the two companies the amount of purchases for 1940, after ascertaining the actual opium collections in Chosen and Manchukuo in September of this year.
- (d) This agreement shall be valid for the deliveries to be made during the two years of 1940 and 1941. For 1942 and thereafter a new agreement shall be concluded on the basis of the actual results of the aforementioned two years.

Later, at the request of the Asia Development Board, and in order to further promote the smooth operation of the agreement, the Foreign Ministry urged the conclusion of a compromise agreement according to the following points, as a result of which an agreement for the establishment of the Iranian Opium Purchasing Association was concluded between the two firms on October 30 of the same year:

1. In regard to the purchase of Iranian opium by Japan, Manchukuo and China, the governments of the three countries concerned shall so arrange as to permit its monopolistic purchase by the association organized by the Mitsui Bussan Kaisha and Mitsubishi Trading Co.
2. The opium business handled by the said association shall be equally divided between the two firms.
3. The organization, purchases, transportation, deliveries, and the method of calculating the profits of the said association shall be agreed between the two firms.
4. The amount of purchases shall be decided each year and notified to the Association by the government officials of Japan, Manchuria and China concerned, after ascertaining the actual amount of opium collected in Chosen and Manchukuo and the demand and supply in China.

3. The draft of the Revised Ordinance for the Control of Opium Narcotics in China.

The activities in opium of the Japanese people in China have been heretofore controlled by the Foreign Ministry Ordinance No. 11 of 1936, entitled "Ordinance for the Control of Narcotics in China", but recently, following the great increase in the number of Japanese penetrating into the continent, the evil habit of smoking opium has greatly spread among the Japanese. At the same time there is apprehension that illegal transactions will become rampant. Accordingly recognizing the necessity of strengthening the thorough control, we are now making preparations for the revision of the present ministerial ordinance into an Imperial ordinance.

Section 4 ("Business Report for 1939")

The Opium Control System in China.

The National Government issued its Laws for the Prohibition of Smoking in 18th year of the Republic (1929), (issued on and effective as from 25 July, 1929; revised issue effective from 16 March, 22nd year of the Republic (1933)), and since then, from the point of opium control, has adopted a policy of complete prohibition. But in the areas occupied by Japanese troops since the outbreak of this Incident, the smoking of opium has been recognized on certain conditions in accordance with individual local circumstances, although a policy of complete prohibition of narcotics generally has been universally enforced. In some districts, however, measures of control have been established and put into force, while elsewhere provisional laws based on the Prohibition Laws of the National Government mentioned above have been enforced. There is no unified system of control working yet.

(1) North China

(a) The Temporary Government has had discussions at Peiping on 28 April 1939 with the North China Liaison Section of the Asia Development Board on the drafts of both the Law for the Prohibition of Smoking and the Regulations for its enforcement in North China, with a view to a uniform system of opium control in North China. But they have not yet come into effect.

(b) At Tsingtao, the use of opium had hitherto been controlled by the Tax Office's Detailed Regulations for the Prohibition of Smoking, though the old special market district of Tsingtao had been placed in an anomalous position as an area of strict Prohibition by its own special circumstances. In July 1934 the Investigation Committee for the Prohibition of Smoking in Tsingtao Special City was established as a control organization and on August 1 of the same year the provisional regulations for the investigation of the Prohibition of Smoking were enforced.

(c) In Chinan the Provisional Regulations of the Druggists' Trade Association Union of Chinan City were issued on January 26, 1939, and on the same day the Trade association was established.

(d) In Tientsin the Provisional Rules of the Control Office for restricting the circulation of opium has been in operation since January 1938, in accordance with the Provisional Rules of the Control Office for the Investigation for the Prohibition of Smoking.

(2) Mongolia

The United Committee of Mongolia issued the Provisional Laws of Opium Control on 1 July, of the 28th year of the Republic (1939), whereby the General Investigation Office (at Comanchiand) and the Investigation Office (at Tatum and Taim) have been collecting opium through the agency of the Mongolia Drug Company, Ltd., and selling it at a regular rate of profit.

(3) Central China

The Reformation Government issued the Provisional Rules for the Prevention of Smoking on 30 April of the 28th year of the Republic (1939), which it made effective from the 1st of June. It has adopted the system of registering its addicts and allowing only such addicts to smoke opium. As a central organization for opium control, the General office for the Prevention of Smoking was established in Shanghai, with local offices at Nanking, Suchow, Hangchow, Wai, Hangchow, and Pengpu. In each of these places rules for control were enacted on the lines of the Provisional Regulations mentioned above, but in accordance with the special conditions of the place in question. The government let the opium dealers organize the Central Public Welfare Hall in Shanghai and local Public Welfare Halls in all the towns that had offices for the Prohibition of Smoking, and thus gave them control over the opium traffic.

(4) Wuhan

In the Special City of Wuhan, the Provisional Laws for the Prevention of Smoking in Wuhan were issued in April of the 28th year of the Republic (1939), whereby the Special City Government office for the Prohibition of Smoking has taken charge of controlling opium. The City Government, which thus enjoys a monopoly in the opium trade, has adopted the same system of registering its addicts as in Central China, and allowing only registered persons to smoke it.

(5) South China

In South China there is so far no definite system for opium. It has been taken charge of by the Committee for the Preservation of Public Peace and Order and the Special City Government.

(a) At Amoy, at the end of 1938, opium was under the control of the Committee for the Preservation of Public Peace and Order, on the lines of the system in Central China, but on 1 July, 1939, this function was handed over to the Special City Government.

(b) In Canton, too, control of opium had been the charge of the Committee for the Preservation of Public Peace and Order since the 2nd of December, 1938, but this function was handed over to the Special City Government on 20 November, 1939.